

2006 COUNTY MEDICAL EXPENSES

HOSPITALS:	\$ 2,673,716
PHYSICIANS:	\$ 370,703
MEDICATIONS:	\$ 324,067
MEDICAL EQUIP:	\$ 18,498
NURSING HOMES:	\$ 10,148
AMBULANCE:	\$ 21,180
DENTAL:	\$ 24,417
OPTOMETRIC:	\$ 1,597
INS. PAYMENTS:	\$ 69,621

GENERAL INFORMATION:

County responsibility for payment to hospitals is specifically defined under state law (SCL 28:13). Counties pay for hospital care for the very poor who do not qualify under Medicaid. All counties pay hospital bills. Most counties pay hospital bills only. The larger counties tend to pay for most medical services which are covered under Medicaid.

The county system is inequitable. Except for hospitals, there is no defined responsibility on the part of the counties for the payment of medical care for the poor. The type of care a poor person might be eligible to receive is different in almost every county.

Counties pay for hospital care at the DRG rate or at the actual cost rate for the hospital. If a county pays for other medical services, they are paid at the Medicaid rate.

There was a major revision of state law in 1996 to provide reasons why a person would not qualify for county help. A category called "Indigent by Design" was established. The following situations are included under "Indigent by Design";

- persons who have insurance available through their employer and who do not take it
- persons eligible for services from the VA
- persons eligible for services from IHS
- college students who have insurance offered and do not take it
- people who choose not to work
- people who have the ability to purchase their own insurance and don't

In addition, under the 1996 revisions an affordability income formula was adopted under which applicants are not eligible for county assistance if the hospital bill can be paid off at the DRG or the actual cost rate (with interest) over a 60 month period. Under the law, counties use the lesser of the DRG or the actual cost rate, but if an applicant is denied county help, the hospital is not required to accept payment for less than the billed charges. Under the formula adopted, only the hospital bill is considered in making a determination on ability to pay. All other medical bills are counted only to extent that monthly payments are being made (ie a \$10,000 doctor bill with payments of \$25 a month would count as \$25). This part of the 1996 revision does not assess the actual ability of the applicant to pay nor the full amount of the medical debt.

Under the income formula, individuals who might have qualified for partial assistance under the prior system, now end up facing the possibility of medical bankruptcy.

Prior to the 1996 revisions, the counties had limited ability to deny a hospital bill.

When county assistance is provided, the applicant automatically has a lien or a bill for the amount of the payment. Most counties turn the lien over to a collection agency if there is no attempt to repay the assistance.

When a poor person is admitted to the hospital, in an emergency situation, the hospital must notify the county of residence. If the hospital does not provide notice, the county has no obligation for the bill. If a poor person has a scheduled hospitalization, there must be an application and prior approval for the county to be required to pay the hospital bill.

When a county pays medical bills which total more than \$20,000, the county may be reimbursed by the SD Catastrophic Pool for 90% of all payments over \$20,000. At the end of each year, counties are assessed a fee to replenish the pool.

Counties fund the responsibility for the poor with property taxes.

Many counties have a limited ability to fund these programs.

When a county pays for insurance, it is usually done under COBRA to protect the county from expected medical claims.

In addition to the expenditures noted, some counties provide funding via grants to local community health centers, ambulance services etc.

Although counties attempt to do their best, the current system for funding non Medicaid medical care, does not provide an adequate safety-net for the poor in most areas of South Dakota.

